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FROM: Paris

TO: Secretary of State

NO: 4742, February 5, 6 p.m.

SENT DEPT 4742, RPTD INFO BRUSSELS, COPENHAGEN, THE HAGUE, BONN,
LONDON, CSLO, ROME UNNUMBERED.

EXCON

Ref EMBTEL 4424 Jan 24.

On Jan 31 USDEL statement re disposition list II items (Doc 583, EMBDESP 1969 Jan 26) was discussed in COCOM at request other dels and subjected severe criticism, ending in unanimous request that USDEL withdraw it or at least modify its "tone", which French del described as paternal and authoritarian. Other dels (except possibly UK) were speaking without instructions. Some had forwarded Doc 583 to govts without initial comment. Neth and French dels had withheld doc from govts, believing it wld have most unfortunate repercussions, especially coming on heels of Battle Act and CG mtg.

Objections on points of substance were directed against (A) emphasis given to quid pro quo principle (especially as applied to quotas) at expense of "significant quantity" principle, and (B) policy of US export denials to friendly countries to extent it wld conflict with COCOM agreements. Reaction other dels was as predicted by USDEL in EMBTEL 3761 Dec 22.

UK and Neth considered emphasis on quid pro quo "unfortunate", partly because, mainly by over-emphasis, it implies that US gives little if any weight to the defensibility (on strategic grounds) of quota limits recommended by COCOM. Gen sentiment in COCOM was to question whether work of past several months in fixing quotas, etc., has any value in US eyes. UK del asked flatly whether list II agreements arrived at UN COCOM, have any meaning, and suggested that if UK had put forward such a statement emphasizing qualifications and reservations, we might have thought UK "frivolous". Ital del thought that if COCOM were to "accept" US statement, "we wouldn't know where we stand on list II".

Most of all, we believe dels felt uncertain as to why US believed it necessary make statement. In present atmosphere of doubt and suspicion, as result Battle Act, they readily suspect that US

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suspect that US intends inquire into quid pro quo at every opportunity. This appears to them on one hand as evidence that US does not (rpt not) really accept quota concept and on other that US does not (rpt not) accept other PCs as full partners equally able to judge necessity for transactions and essentiality of counterpart received in return for their exports.

With respect to policy of export denials by US, both Den and UK dels said statement implied "extension" of present US policy into realm of list II quotas. They asked clear expression of US intentions. They thought statement raised serious policy questions which COCOM not (rpt not) competent to discuss, and UK del later privately spoke of CG as proper forum.

Most dels professed greater concern at tone of US statement than at substance, this approach being more political and on some points criticism well justified. Main objection was to what they considered US attempt to impose unilateral interpretation of what has been agreed in COCOM, especially re quid pro quo principle.

On that point, US statement assumes that other PCs have agreed to our interpretation, rather than stating US understanding and inviting comment if views differ (which was done orally when it became clear that views may differ).

B.A. → Dels considered most of US statment was unnecessary and merely raised question whether US was attempting amend existing agreements. They thought ref to US "temporary" acceptance list II recommendations (owing reservation position of Battle Act administrator) was unnecessary, having been stated at CG, and strongly urged that US make its position clear on this matter promptly as possible. They considered last para of statement "unfortunate", particularly because confusing as to whether "we" refers to US or to COCOM PCs (e.g., "if we are to permit a PC, as we must, to maintain its independent views ..."). Final sentence gave French del "a certain satisfaction"; he was glad to know US recognize other govts are "free to maintain differing views".

USDEL explained and defended US statement on points of substance, acknowledging unintentional faults in "tone," and initial discussion ended with USDEL offer to study whether statement might be withdrawn or modified. Next day, at last normal COCOM mtg until Feb 14, US del submitted modified statement (Doc 583 revised, EMBDESP 2056 Feb 5) which covers all points of substance in original, generally in same language, but contains changes to improve tone. Dels thought modified version goes long way toward meeting objections, but reserved right to comment later after govts had studied it. Emphasized that they

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that they had spoken without instructions and suggested COCOM doc on this discussion merely record fact. US had submitted revised Doc 583 and invited comments.

At last mtg Den del again urged clarification of US policy on export denials, and asked specifically for assurance that US wld only operate such policy in full consonance with agreements reached in COCOM. This was headed off by USDEL with off-record remarks along lines last part of statement originally proposed by Dept (DEPTEL 3436 Dec 11), during which USDEL stated personal belief that wld be most unfortunate if other PC's were to make issue of this matter when, in actual practice, probable that cases wld seldom arise. Stated belief US Govt has not (rpt not) yet determined detailed policy, but wished to be protected against any possible charge of bad faith if case were to arise in future and seemed to contradict COCOM agreements as interpreted by some other PC.

Despite fact that Doc 583, even as revised, is likely to cause considerable commotion, possibly with serious effects upon cooperation by other PC's in implementation of Battle Act, USDEL judged that withdrawal of doc or holding it in suspense for next two weeks, while seeking Dept's instructions, wld not (rpt not) materially reduce fears and suspicions already engendered and might only imply US willingness to change substance its position.

USDEL uncertain extent to which this steam-blowing episode will reduce future pressure by other PC's, especially UK, on these matters. We hope counsel of other dels to their govts will be toward moderation. We foresee little if any difficulty in obtaining gen recognition, in principle, that quid pro quo applies equally to quotas. Cannot predict however what reaction there will be on US policy of export denials, and recommend that Wash prepare for trouble. Most useful positive step wld be to authorize USDEL, preferably by Feb 15, to remove Battle Act administrator's gen reservation on those list two items already accepted by us.

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